

Message Text

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ACTION ARA-10

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E.O. 11652: N/A

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SUBJECT: EX-PRESIDENT CALDERA INITIATES SENATE DEBATE ON OIL
NATIONALIZATION

REF CARACAS 7895

SUMMARY: IN A HARD-HITTING SENATE SPEECH AUG 4 EX-PRESIDENT CALDERA REJECTED MIXED ENTERPRISES IN THE NATIONALIZED OIL INDUSTRY. HE SAID THE PEREZ ADMINISTRATION'S ACCEPTANCE OF A POSSIBLE PARTICIPATORY ROLE FOR THE COMPANIES WAS AN EXPRESSION OF A LACK OF CONFIDENCE IN THE ABILITY OF VENEZUELA TO ADMINISTER THE INDUSTRY ON ITS OWN. CALDERA BITTERLY CONDEMNED SOME OF THE OIL COMPANIES' PAST ACTIVITIES AND SUGGESTED THAT THE COMPANIES ARE RESPONSIBLE FOR THE CURRENT UNEASINESS AMONG VENEZUELAN ABOUT NATIONALIZATION. CALDERA CHARGED THAT THE USG DOES NOT DISTINGUISH BETWEEN THE INTERESTS OF ITS PEOPLE AND THOSE OF THE "TRANSNATIONALS." REPLYING TO CALDERA, SENATE PRESIDENT BARRIOS SAID THE GOV WILL INSIST THAT ARTICLE 5 STAND AS PASSED

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IN THE CHAMBER OF DEPUTIES. END SUMMARY

1. EX-PRESIDENT RAFAEL CALDERA, THE LEADER OF VENEZUELA'S SOCIAL CHRISTIAN COPEI PARTY, ON AUG 4 OPENED THE SENATE'S DEBATE ON THE OIL NATIONALIZATION BILL WITH A LENGTHY SPEECH REITERATING HIS PARTY'S REJECTION OF MIXED ENTERPRISES IN THE NATIONALIZED PETROLEUM INDUSTRY AS PERMITTED BY ARTICLE 5 OF THE BILL PASSED BY THE CHAMBER OF DEPUTIES. SPEAKING IN A SENATE DEBATE FOR THE FIRST TIME AS SENATOR-FOR-LIFE, CALDERA WARNED THAT MIXED ENTERPRISES WILL NOT HELP BUT RATHER HINDER NATIONALIZATION. CALDERA RECALLED VENEZUELA'S PAST STRUGGLES WITH THE MULTI-NATIONAL OIL COMPANIES AND SPOKE OF "GRAVE DANGERS" FOR THE COUNTRY IF MIXED ENTERPRISES ARE ALLOWED IN THE NATIONALIZED INDUSTRY.

2. CALDERA INDICATED THAT HE IS WORRIED BY A "GROWING UNEASINESS AND FEAR OF NATIONALIZATION" IN THE COUNTRY. EACH TIME VENEZUELA HAS MOVED TO EXERCISE MORE CONTROL OVER ITS PETROLEUM INDUSTRY, CALDERA SAID, IT HAS BEEN CONFRONTED WITH WARNINGS ABOUT ENDANGERING THE FUTURE OF THE INDUSTRY. HE DENOUNCED THE MULTINATIONAL OIL COMPANIES FOR CREATING "GHOSTS" TO DISCOURAGE NATIONALIZATION AND BLAMED THE COMPANIES' ACTIVITIES FOR THE PEREZ ADMINISTRATION'S APPARENT LACK OF FAITH IN THE ABILITY OF THE COUNTRY TO ADMINISTER THE NATIONALIZED INDUSTRY, HE SAID PRESIDENT PEREZ'S ACCEPTANCE OF A POSSIBLE ROLE FOR MIXED ENTERPRISES PROVED THIS. CALDERA WARNED THAT THE "GREAT POWERS" HAVE THEIR EYES FIXED ON THE OIL RESERVES OF THE ORINOCO TAR SANDS BELT AND STATED THAT VENEZUELA COULD DEVELOP THE ORINOCO BELT WITHOUT "SUCCUMBING TO THE TEMPTATION OF CREATING MIXED ENTERPRISES."

3. CALDERA SAID VENEZUELA HAS TWO ALTERNATIVES ""EITHER WE NATIONALIZE OR WE EXTEND THE CONCESSIONS UNTIL 1983." RETRACING THE HISTORY OF FOREIGN PARTICIPATION IN THE DEVELOPMENT OF VENEZUELA'S PETROLEUM INDUSTRY. CALDERA CLAIMED THE OIL COMPANIES' OBJECT ALL ALONG HAS BEEN TO MAKE "THE MOST PROFIT IN THE LEAST TIME." EMPHASIZING HIS ADMINISTRATION'S SUPPORT OF OPEP AND HIGHER OIL PRICES, CALDERA DECLARED,"THE SCANDAL OF PETROLEUM IS NOT THE PRICE WE ARE CHARGING BUT THE PLUNDER OF WHICH WE WERE THE OBJECT." AMIDST MUCH APPLAUSE THE EX-PRESIDENT SAID VENEZUELA'S GOAL MUST BE "INTEGRAL NATIONALIZATION OF ITS PETROLEUM RESOURCES" AS AN "ACT OF SOVEREIGNTY TO COMPLETE AN HISTORIC CYCLE."

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4. TOWARDS THE END OF HIS 3-HOUR SPEECH CALDERA EXPRESSED HIS FEELINGS ABOUT THE U.S. NOTING THAT HE HAS ALWAYS SPOKEN OF A "NEW FRIENDSHIP" WITH THE US., HE SAID HE WAS NOT ASHAMED TO SAY THAT HE ADMIRES THE AMERICAN PEOPLE. MANY OF THE US' FAULTS, HE ADDED, "ARE DUE TO ITS IMMENSE CONCENTRATION OF RICHES." CALDERA SAID HE BELIEVES THE AMERICAN PEOPLE ARE "WELL MEANING." "THE PROBLEM," HE DECLARED, "IS THAT THE AMERICAN GOVT DOES NOT DISTINGUISH BETWEEN THE INTERESTS OF ITS PEOPLE AND THOSE OF

THE TRANSNATIONALS."

5. IN CLOSING, CALDERA CALLED FOR THE UNITY OF ALL VENEZUELAN AS VENEZUELA TAKES THE HISTORIC STEP OF NATIONALIZATION. HE EXPRESSED HIS CONFIDENCE THAT NATIONALIZATION WILL BE EFFECTIVE SINCE IT COMES AS THE RESULT OF A "GREAT NATIONAL WILL".

6. REPLYING TO CALDERA'S SPEECH, CONGRESS PRESIDENT AND PRESIDENT OF THE GOVERNING AD PARTY GONZALO BARRIOS STATED HIS PARTY'S POSITION IN FAVOR OF FUTURE POSSIBLE MIXED ENTERPRISES. HE SAID PRUDENCE REQUIRED THE GOV TO HAVE ITS OPTIONS OPEN AS A SORT OF "TECHNOLOGICAL LIFE PRESERVER" AND ADDED THAT HE FEARED DEMAGOGY MORE THAN EXCESSIVE PRUDENCE. NOTING THAT THE CONGRESS WILL HAVE TO APPROVE ANY ASSOCIATION AGREEMENT WITH A PRIVATE COMPANY UNDER ARTICLE 5, BARRIOS ASSERTED THAT AD WOULD VOTE AGAINST ANY ILL-CONSIDERED CONTRACT. REPEATING A SENTENCE FROM A RECENT INTERVIEW, BARRIOS SAID "AD IS NOT THE UNCONDITIONAL PARTY OF ANYONE, NOT EVEN OF THE GOVT."

7. COMMENT: CALDERA'S ATTACK ON ARTICLE 5 AS SUCH WAS NO MORE CONVINCING THAN PREVIOUS COPEI PRONOUNCEMENTS ON THIS SUBJECT AND PROBABLY DID NOTHING TO ELIMINATE THE GENERAL IMPRESSION THAT HIS PARTY IS ENGAGED IN POLITICAL OPPORTUNISM. (OUR GUESS IS THAT MOST VENEZUELAN WHO THINK ABOUT THE PROBLEM SEE THE PROVISION FOR MIXED COMPANIES AS EVIDENCE OF COMMON PRUDENCE.) HE DID SCORE, HOWEVER, IN HIS REMARKS ON THE STATE OF APPREHENSION THAT SEEMS TO HAVE GRIPPED THE COUNTRY AS IT APPROACHES NATIONALIZATION. HIS CALL FOR COURAGE AND SELF-CONFIDENCE STRUCK THE RIGHT NOTE.

8. THE BITTER ASSAULT ON THE COMPANIES AND THE USG AS THEIR ALLY WAS TO BE EXPECTED. CALDERA BELIEVES, AS HE HAS TOLD THE AMBASSADOR, THAT HIS ADMINISTRATION'S FAILURE TO OBTAIN HEMISPHERIC PREFERENCE FOR VENEZUELAN OIL WAS DUE TO THE INFLUENCE OF THE LIMITED OFFICIAL USE

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COMPANIES ON THE USG. HE IS PARTICULARLY BITTER BECAUSE HE BELIEVES HE WAS MISLED AT THE TIME OF HIS STATE VISIT TO WASHINGTON-- A VISIT HE PURPORTEDLY AGREED TO ONLY ON THE BASIS THAT THERE WOULD BE "PROGRESS" ON THE PREFERENCE PROBLEM. WHAT HE REGARDS AS A SUBSEQUENT RUN-AROUND RANKLES DEEPLY. SHLAUDEMANN

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